AUTHOR'S PROPOSED AMENDMENTS TO AB 2 AS AMENDED JULY 14, 2008*

- Funding for the Major Risk Medical Insurance Program (MRMIP)
  - Tobacco Tax (Proposition 99): $40 million annual appropriation – uses current state funding source but standardizes the full $40 million in statute
  - Subscriber premiums (current funding source)
  - Carrier fees on covered lives
    - Health care service plans and health insurers must *either*:
      - pay a fee on each person receiving health coverage through an *individual* plan contract or insurance policy, *or*
      - provide guaranteed issue and renewal of all individual health plans or health insurance policies at community rates
    - Amount of fee: One dollar per covered life per month for the period January 1, 2009 to December 31, 2011
    - California Department of Insurance and Department of Managed Health Care collect the fee from their licensees and transmit to MRMIB within 30 days of receipt
  - *Unlike earlier versions of the bill*,
    - does not base the fee on total anticipated program costs with no limits on enrollment, and
    - limits "covered lives" to lives insured in the *individual market* rather than including the insured group market and licensed carriers' third party administrator business

- Board powers, obligations and authority
  - Authorizes MRMIB to obtain General Fund loans for all necessary and reasonable expenses related to administration of the Major Risk Medical Insurance Fund
  - *Unlike earlier versions of the bill*, retains obligation to administer MRMIP within available funds – thus, does not eliminate enrollment limits
  - Obligates MRMIB to administer the program in a manner that maximizes eligibility for federal high risk pool funds, consistent with the purposes of the MRMIB statute; requires MRMIB to apply for or otherwise seek available federal funds

- Benefits
  - Comprehensive coverage, including lower cost sharing for primary and preventive health care and for medications to treat chronic conditions
  - Benefits appropriate to a program for high-risk/ medically uninsurable persons
  - Eliminates $500 limit on deductible
  - At minimum, Knox-Keene benefits plus prescription drugs
  - Retains aggregate out of pocket limit of $2500/$4000

* When this summary refers to features of AB 2 that are different from "earlier versions," the change appears either in the July 14, 2008, version of AB 2 or in the author's proposed amendments to that version.

- No annual limit on total benefits and no lifetime limit less than $1,000,000
- Requires six-month pre-existing condition exclusion (current exclusion is three-months under MRMIP regulations); continues to permit alternative three-month waiting period for plans not using pre-existing condition exclusions

- Eligibility
  - Continues requirement that applicant has been rejected or "rated up" by at least one private health plan
  - Continues to fund individuals previously disenrolled as part of the Guaranteed Issue Pilot Program (GIP) through their private market health plans, with subsidies shared by MRMIB and the carriers (last disenrollments into GIP were September 30, 2007)
  - *Unlike earlier versions of the bill*, does not give individuals disenrolled into GIP special rights to re-enroll in MRMIP
  - *Unlike earlier versions of the bill*, does not terminate private carriers' obligations to enroll COBRA- or conversion-eligible individuals and does not fold new COBRA and conversion coverage into MRMIP

- Subscriber contributions (premiums)
  - No more than 125% of market rates
  - Board may establish lower subscriber contributions for subscribers at or below 300% FPL: not less than 110% of market rates (*earlier versions* established contributions of 120% of market rates for subscribers above 300% FPL and 110% of market rates for those below)
  - Board may exclude from subscriber contribution the portion of market rates attributable to elimination of the annual or lifetime benefit maximum

- Board report to Legislature on or before July 1, 2011
  - Information concerning MRMIP implementation, including enrollment data, program costs, and annual increases in coverage costs
  - Implementation and transition plan for an alternative approach to ensuring quality coverage for high-risk, potentially high cost individuals; may include reinsurance and/or risk adjustment; must outline steps MRMIB will take to replace the program with an alternative mechanism by January 1, 2013; shall consider changes in the individual market and subsequently-enacted state or federal programs providing broad-based or universal guaranteed coverage.

- Confers emergency regulation authority on MRMIB until January 1, 2011 *(previously January 1, 2010)*